

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-10 L-03 ACDA-12
NSAE-00 PA-01 SS-15 SP-02 USIA-06 TRSE-00 COME-00
NSC-05 AID-05 CEA-01 EB-08 FRB-03 STR-07 LAB-04
SIL-01 OMB-01 /102 W
-----124621 160652Z /10

R 151228Z MAR 78
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC 3865
INFO AMEMBASSY LONDON
USMISSION USNATO

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EO 11652NA
TAGS: EEWT, EFIN, UK, PL
SUBJ: VISIT OF UK TRADE MINISTER DELL TO WARSAW

REF: USNATO 2529

1. SUMMARY: THE UK COMMERCIAL COUNSELOR HAS TOLD US THE DELL VISIT RESULTED IN NO NEW AGREEMENTS, COMMERCIAL CONTRACTS, OR LOANS. DISCUSSIONS DEALT MAINLY WITH ECONOMIC AND TRADE OUTLOOKS. POLISH ASSURANCES THATY THEY UNDERSTOOD THE SERIOUSNESS OF THEIR HARD CURRENCY DEBT AND WERE TAKING NECESSARY CORRECTIVE STEPS WERE REGARDED AS PARTICULARLY IMPORTANT. DELL APPARENTLY LEFT BELIEVING THAT THERE WAS LESS CAUSE FOR ALARM OVER THE POLISH FINANCIAL POSITION THAN MAINTAINED BY OTHER UK OFFICIALS, PRESUMABLY IN THE EXCHEQUER. END SUMMARY.

2. TRADE SECRETARY DELL WAS ACCOMPANIED BY ASSISTANT SECRETARY FOR EASTERN EUROPE MARGARET TERRY AND TWO OTHER OFFICIALS OF THAT MINISTRY. HIS VISIT WAS ONE IN A SERIES OF ANNUAL MEETINGS OF BRITISH AND POLISH FOREIGN TRADE
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MINISTERS, ALTHOUGH THIS PARTICULAR TRIP HAD BEEN DELAYED BEYOND THE FALL OF 1977 TO ACCOMMODATE PRESSING SCHEDULES ON BOTH SIDES.

3. THE UK COMMERCIAL COUNSELOR HAS TOLD US THAT, IN RESPONSE TO DELL'S QUESTIONS, MINISTER OF FOREIGN TRADE JERZY OLSZEWSKI ASSURED HIM SOLUTION OF

POLAND'S HARD CURRENCY TRADE AND INDEBTEDNESS PROBLEMS WAS "THE NUMBER ONE PRIORITY" OF GOP ECONOMIC POLICY. OLSZEWSKI SAID HARD-CURRENCY IMPORTS WOULD AGAIN BE CUT BY OVER THREE PERCENT IN 1978 AND PREDICTED THE GOP WOULD BALANCE ITS TRADE WITH THE WEST IN 1980. OLSZEWSKI SAID HE HAD DIRECTED THAT EXPORT POLICY CONCENTRATE ON COAL, COPPER, AND TRADITIONAL EXPORTS WHICH COULD YIELD FASTER RESULTS THAN THE BROAD DIVERSIFIED APPROACH PREVIOUSLY PREFERRED BY POLISH PLANNERS. HE PREDICTED POLISH EXPORTS WOULD GROW BY AN AVERAGE OF BETWEEN 10 AND 12 PERCENT THROUGH 1980 AND THAT EVEN MORE STRINGENT IMPORT CUTS WOULD BE APPLIED IF THESE TARGETS WERE NOT ATTAINED. DELL EMPHASIZED THE NEED FOR THE GOP TO PUBLISH MORE CURRENT AND DETAILED TRADE DATA; HE RECEIVED NO ASSURANCES IN THIS REGARD AND APPARENTLY DID NOT RECEIVE NEW FINANCIAL INFORMATION FROM THE POLES.

4. IN ADDITION TO HIS USUAL REPORT TO THE PRIME MINISTER ON HIS MEETINGS, DELL ALSO CABLED THE EXCHEQUER ON THEIR RESULTS. HIS PURPOSE, ACCORDING TO OUR SOURCE, WAS TO CALM SOME OF THE "NERVOUS NELLIES" WHO HAD BEEN BECOMING INCREASINLY ALARMED OVER POLAND'S FINANCIAL POSITION.

5. OLSZEWSKI EMPHASIZED THE PROBLEMS OF GROWING PROTECTIONISM IN EC COUNTRIES. HE SAID THE EC MINIMUM PRICE LIMITED OFFICIAL USE

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POLICY FOR STEEL IMPORTS WAS PARTICULARLY ONEROUS SINCE POLAND HAD IN DECEMBER 1977, AGREED TO RESTRAIN VOLUNTARILY THE VOLUME OF ITS STEEL EXPORTS TO THE UK. OLSZEWSKI ALSO ALLEGED THAT POLAND WAS RUNNING A \$500 MILLION TRADE DEFICIT WITH THE UK. DELL COUNTERED WITH TRADE FIGURES SHOWING ONLY A FIFTY MILLION DOLLAR UK SURPLUS. POLISH IMPORT FIGURES INCORRECTLY INCLUDE METALS PURCHASED THROUGH THE LONDON EXCHANGE.

6. DELL WAS ALSO ASKED TO HAVE THE UK \$60 MILLION CREDIT LINE FOR INDUSTRIAL CONSUMABLES (STEEL, CHEMICALS, AND SYNTHETIC FIGERS) EXTENDED AN ADDITIONAL YEAR. HE MADE NO COMMITMENT IN THIS REGARD, BUT OUR SOURCE THOUGHT HMG WOULD PROBABLY RESPONSE FAVORABLY IN ORDER TO MEET ITALIAN AND FRENCH COMPETITION.

7. WE WOULD APPRECIATE ANY ADDITIONAL COMMENTS USNATO MIGHT HAVE AS A RESULT OF THE BRIEFING DESCRIBED IN REF.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, MINISTERIAL VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978WARSAW02168
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780116-0922
Format: TEL
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780363/aaaacbid.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0b354bc6-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 USNATO 2529
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3317166
Secure: OPEN
Status: NATIVE
Subject: VISIT OF UK TRADE MINISTER DELL TO WARSAW
TAGS: EEW, EF, UK, PL, (DELL, EDMUND)
To: STATE
Type: TE
vdkgwkey: odhc://SAS/SAS.dbo.SAS_Docs/0b354bc6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014